

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08

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E. O. 11652: N/A

TAGS: EEC, EGEN

SUBJECT: EC DIRECTIVES ON INSURANCE - AN INDUSTRY VIEW

REF: (A) 76 EC BRUSSELS 12428, (B) 76 EC BRUSSELS A-466

1. SUMMARY: DURING MARCH 18 MEETING, REPRESENTATIVES OF AMERICAN INSURANCE COMPANIES IN BELGIUM TOLD MISSION OFFICER THAT COMPLIANCE WITH FIRST EC DIRECTIVE (NON-LIFE INSURANCE) HAD CAUSED NO MAJOR PROBLEMS FOR AMERICAN COMPANIES TO DATE, NOR WERE MAJOR PROBLEMS ANTICIPATED WITH FUTURE REQUIREMENTS. GROUP INDICATED THAT NEGOTIATIONS UNDER ARTICLE 29 WERE STILL UNDER INDUSTRY CONSIDERATION; HOWEVER, THEY DOUBTED THAT ANY MOVES WOULD BE MADE UNTIL EC-SWISS AGREEMENT HAD BEEN IN EFFECT LONG ENOUGH TO JUDGE RESULTS. PROBLEM OF HARMONIZATION OF REGULATIONS OF 50 STATES WAS MENTIONED OFTEN AS MAJOR BLOCK TO RECIPROCAL AGREEMENT. END SUMMARY.

2. MISSION OFFICER MET WITH ROBERT MAYS (AFINA), WILLIAM DEWINTER (AIU) AND F. GELBART (TRAVELLERS), ALL MEMBERS OF EXECUTIVE COMMITTEE OF AMERICAN INSURANCE COMPANIES IN BELGIUM, AN ASSOCIATION COMPOSED OF APPROXIMATELY 20

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US INSURANCE COMPANIES BASED IN BELGIUM. GROUP HAS BEEN IN EXISTENCE FOR OVER 10 YEARS AND UNTIL RECENTLY, ACCORDING TO MAYS, SENT AN OBSERVER TO OECD INSURANCE COMMITTEE MEETINGS. GROUP ESTIMATES THAT MAJORITY OF LARGE US FIRMS ARE INCORPORATED WITHIN AT LEAST ONE MEMBER STATE AND THEREFORE EXEMPT FROM DISCRIMINATORY ASPECTS OF DIRECTIVE.

3. DEWINTER, WHO APPEARED TO BE MOST KNOWLEDGEABLE MEMBER OF GROUP, SAID THAT COMPLIANCE WITH TECHNICAL RESERVES PORTION OF DIRECTIVE HAD REQUIRED A TRANSFER OF "A COUPLE MILLION DOLLARS" FOR EACH FIRM FROM THE US TO EUROPE. HE ANTICIPATED THAT COMPLIANCE WITH THE SOLVENCY MARGIN REQUIREMENTS WOULD ENTAIL APPROXIMATELY THE SAME INFLOW OF CAPITAL.

4. GROUP ALSO ESTIMATED THAT US FIRMS OPERATING WITHIN THE 9 WROTE APPROXIMATELY \$300 MILLION NET PER YEAR. THEY AGREED THAT MAJOR PROBLEM OF OPERATING IN EUROPE WAS NOT EC OR NATIONAL REGULATIONS, BUT RATHER FACT THAT THIRD COUNTRY FIRMS GENERALLY RECEIVED LEAST DESIRABLE BUSINESS.

5. GROUP WAS NOT CONCERNED WITH SECOND EC DIRECTIVE REGARDING FREEDOM OF SERVICES WHICH HAS NOT BEEN APPROVED BY COUNCIL, AS THEY EXPECTED THAT FRENCH OBJECTIONS WOULD PREVENT APPROVAL OF PRESENT VERSION.

6. COMMENT: IF WASHINGTON CONTACTS WITH THE INSURANCE BUSINESS PRODUCE THE SAME RESULTS, THE US GOVERNMENT CAN BEGIN TO RELAX ON THIS ISSUE.MORRIS

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## Message Attributes

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